Michigan youth named star FFA agribusinessman

Chad Blachford, of Marshall, received his Star Agribusiness award at the 69th national FFA convention, held in mid-November. The first Agribusiness Star from Michigan, Blachford joined three other finalists in Kansas City. He said he was overwhelmed and excited when he won. "I was probably one of the best weeks of my life," he said. "I owe thanks to Floyd Beneker, my advisor. He got me involved and ready for this." For his efforts, Blachford received $2,000, plaques, and a trip to Costa Rica for a tour of agriculture in that country. The grants are sponsored by Toyota Motor Sales of USA and the Farm Services Agency of the USDA, formerly known as the Federal Crop Insurance Agency. The other finalists received $1,000 and the trip, courtesy of the same sponsors.

Southern Thumb Co-op contracts with Michigan Ag Commodities for marketing activities

Facing various financial difficulties and subsequent being hit with allegations by the Commodity Futures Trading Commission (CFTC), new management at the Southern Thumb Co-op has contracted with Michigan Ag Commodities (MAC) to sell, store and market at Southern Thumb Co-op facilities.

"Our negative equities today are about $24 million," states Southern Thumb Co-op's new General Manager Tor Ryan, answering questions about the financial status of the Lapeer-based cooperative. Most of the negative equities are direct result of hedge-to-arrive contracts that members of the co-op participated in last year, he adds.

"Negative equity means that growers were able to participate in a trading account using the co-op's money," explains Ryan. "When the market started going against them, they sold bushels short and when they finally brought those bushels in, the difference between the price they sold it at and the higher price they brought it back in, or unprofitable at a cost caused a loss to each grower and those losses are referred to as negative equities."

Since the end of October, MAC buys the grain from the grower and sells the market, states Ryan. "If the grower brings grain on delayed price, it is the liability or obligation of MAC."

CFTC files three separate administrative complaints related to grain contracts, alleging violations of the Commodity Exchange Act

The Commodity Futures Trading Commission (CFTC) recently announced the filing of three separate administrative complaints related to grain contracts that are alleged to have violated the Commodity Exchange Act (CEA). In the first complaint, Southern Thumb Co-op, a cooperative grain elevator headquartered in Lapeer, Mich., is charged with violating the prohibition against the offer of illegal, off-exchange futures and options contracts. The court also charges Roger Wright, of Mechanicsburg, Ohio, with fraud in connection with the marketing of the illegal instruments.

The second complaint charges Grain Land Cooperative of Blue Earth, Minn., with offering and entering into illegal, off-exchange futures contracts. The third complaint charges Roger Wright, of Mechanicsburg, Ohio, with fraud in connection with the marketing and promotion of, and his entry into, illegal, off-exchange futures and options contracts.

The CFTC's complaints institute public administrative proceedings to determine if the allegations in the complaints are true and, if so, what sanctions should be imposed. Possible sanctions include cease and desist orders, civil monetary penalties, registration restrictions where appropriate, and where fraud is alleged, restitution to customers.

The complaints are based on information presented by the CFTC's Division of Enforcement, which gives the CFTC reason to believe the respondents have violated the CEA and CFTC regulations as alleged. The filing of these complaints does not represent a determination by the CFTC that there has been a violation of the CEA, nor that any sanctions or other remedies are warranted. Any such determination will await the developments of Section 4(c)(3) of the CEA, and CFTC regulations 32.2 and 33.10.

The CFTC's administrative proceedings are not subject to judicial review until the conclusion of the proceedings. The CFTC reserves the right to file additional complaints where appropriate.

Continued on page 12
Livestock and grain marketing session to be held Dec. 19 in Frankenmuth

Cash crop and livestock producers can learn how to improve their market returns during a commodity marketing workshop Dec. 19 at the Frankenmuth Banquet Center.

Sponsored by Michigan State University Extension, the six-hour session will acquaint farm managers with how to develop a plan and use the market techniques that will be most advantageous to their farm businesses.

The discussion will focus on how to use market fundamentals and technical analysis for more profitable marketing, how to set and achieve market goals, how to use market tools to minimize financial risk, and how to develop a market plan that can last as much as 10 years at the farm business can handle.

The program speakers will be Jim Hilliker and Gerald Schrader, MSU Extension agricultural economic consultant, and Fred Hinkley, MSU Extension livestock and marketing agent for Sanilac and Huron counties.

Workshops are limited to 50. Make checks payable to MSU Extension and mail to Farm Commodity Marketing Outreach Seminar, MSU Extension, 707 Adams Street, Saginaw, MI 48602-5012. The registration deadline is Dec. 16.

More information about the program can be obtained by calling 517-799-2235.

Dielh elected President of 4-H Foundation

I ngham County Farm Bureau member Polly Dielh was recently elected President of the 4-H Foundation Board of Trustees.

Dielh will lead the 4-H Foundation which supports statewide 4-H programs. She will serve for the next two years.

Dielh is a past local leader for the 4-H leader, a Governor’s Conference on Agriculture leader, and a Michigan Farm Bureau executive agent, by calling 517-799-2235.

Hardisty named State Conservation Director

Jane Hardisty, Assistant State Conservation Director for NRSIC in Illinois, has been selected as the new State Conservation Director for the USDA Natural Resources Conservation Service in Michigan. She is the vacancy left by Carol Jen, who accepted a position in Washington, D.C. as Acting Deputy Chief for Soil Survey and Resource Assessment.

Hardisty was born and raised on a livestock and grain farm in southern Illinois. She has a bachelor’s degree in Natural Resources, Geography and Biology from Ball State University and has been

Major fall surveys

A farmers finishing corn and soybean crops, the federal State/Michigan Agriculture Statistics Service will conduct three major surveys. To get the final story on 1996 crops. 11,000 Michigan farmers will be contacted on the 1996 Farm Report. Nearly 1,200 farmers will be asked to complete the December Agricultural Survey, 500 more will be contacted on the December Hog Report. Most selected farmers will receive a questionnaire in the mail. Some will be contacted by telephone or interview in person. These surveys will provide the necessary data for determining yields, production, prices paid to producers. The allegations have been denied by the company and the federal government, The Hog and Pigs report based on the December Hog Survey will be released Dec. 7. The Crop Production report based on the December Agricultural Survey will be released Dec. 10. County level estimates based on dates from these surveys will be come available in the spring of 1997.

Milk price fixing charges

Some Minnesota dairy farmers claim that the state’s largest milk processors and wholesale purchasing cooperatives are suppressing milk prices. They have told the Minnesota Agriculture Committee Chairman Steve Wenzel (D) to call for hearings into the claims.

"They’re tired. They’re mad. They feel the system has been rigged for a long period of time," said Jeff Kulsman, president of the Minnesota Dairy Producers Board. Kulsman held a press conference at the state capitol with other farming representatives. Last week, a former Marigold Foods employee told a U.S. Senate committee that dairy farmers had dropped. They said that consumers and farmers are “victims of chronic flows in the pricing system.”

Milk label changes

New milk labeling rules issued by the Food and Drug Administration will change the way milk containers address the fat content of milk. The new rules will not allow 2 percent milk to carry the “low fat” label and instead give the covered “2% milk.”

One consumer activist said most shoppers are confused by current milk labeling and he hopes the new rules will help clear up the situation.

The changes are designed to bring dairy products more in line with the labeling of other foods, according to the FDA. Under the new rule, the word “low” will no longer be used on products containing less than 3 grams of fat per serving. Two percent milk contains 3 grams of fat per serving.

Two percent milk will no longer be referred to as "reduced fat". One percent milk, which has 2.5 grams of fat per serving will carry the "low fat" label.

A one percent milk shopper is more likely to be confused by current milk labeling and he hopes the new rules will help clear up the situation.

Each consumer activist said most shoppers are confused by current milk labeling and he hopes the new rules will help clear up the situation.
The Distinguished Service Citation was given to the Kellogg Company of Battle Creek, Mich., for its support of the National FFA Foundation. Kellogg Company, a manufacturer of Quaker, Il., and Sandor Agro Inc., of Des Plaines, Ill., received the honor.

The Distinguished Service Citation is given to companies and organizations that have shown their support for FFA and agricultural education.

During its 58 years of support, Kellogg Company and Sandor Agro Inc. have helped create awareness of food industry opportunities among FFA members across the country.

The Distinguished Service Citation is given to companies and organizations that have shown their support for FFA and agricultural education. In addition to its financial support, the company has provided resources personnel for chapter state and national officer training. Many members have found their careers en route to the national FFA convention.

The support of Sandor Agro Inc. is seen in FFA programs throughout the country. The company received the award for its $15 million investment in agricultural education and the FFA. It has supported the national organization financially and provided leadership for the National FFA Foundation, Inc. FFA is a national organization, and Kellogg Company is one of the many members preparing for leadership careers in the science, business and technology of agriculture. The organization has 7,263 local chapters throughout the United States, Puerto Rico, Guam and the Virgin Islands.

FFA mission is to make a positive difference in the lives of young people by developing their potential for premier leadership, personal growth and career success. Local, state and national activities and award programs provide opportunities for students to apply knowledge and skills acquired through agricultural education.

Distinguished Service Citation given to long-time supporters of the National FFA Organization

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L ooking for the latest information pertaining to trucking rules and regulations? How about the consequences of the controversy surrounding hedge-to-arrive contracts? Perhaps you’re curious about how well the relatively new Corn performed last year. If so, the 46th annual Michigan Ag Business Association’s (MABA) Annual Winter Conference and Trade Show should be on your list of must-attend programs this winter season.

Scheduled for Jan. 15-16 at the Lansing Center in Lansing, the show promises four days of concurrent workshops with something for everyone, according to MABA Executive Director Jim Byrum. "There are concurrent workshops to develop a list of workshops that have application for both the farm retail business as well as the producer," he says. "All of these topics have applications for producers, both from a business planning standpoint and from an agronomic point of view as well."

As a result of this year's expanded workshop lineup, an expanded trade show offers over 100 commercial exhibitors. An abbreviated schedule includes:

**Monday**
- **Personnel and Benefits - Worker Compensation, Drug and Alcohol Testing, Health Insurance, Compensation Strategies to Keep Good People**
- **Finance and Ag-Business** - "How to Obtain and Maintain Adequate Financing, Credit Management, Managing Your Bank Relationships, Loan Repayment Strategies" & "Monday trade show hours — 5 to 7 p.m."

**Tuesday**
- **Customer Service -** "Dealing with Customers So They Keep Coming Back, Handling Complaints and Problems, Telephone Etiquette, Your First Line of Communication" & "Tuesday trade show hours — 10 a.m. to 3 p.m."

**Wednesday**
- **Insect and Disease Management** - "Insect and Disease Management in Field Crops - Bt Corn and European Corn Borer, What Did We Learn from the European Corn Borer Outbreak in 1996, Yield Comparison of Transgenic Bt Corn, 1996 Disease Update" & "Wednesday Trade Show Hours — Noon to 6:30 p.m."

**Thursday**
- **Trade Show hours — Noon to 6:30 p.m.**

The full program and details are available at www.mabawinterconference.com.

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**Southern Thumb Co-op contracts with Michigan Ag Commodities for marketing activities**

Continued from front page

In a letter to growers, MPCA President Herm Genius outlined a process where individuals, other than quality discounts, would be deducted without the growers' written consent. According to Les Dale, Southern Thumb's chief financial officer, it will benefit the co-op if a member conducts their grain business there. There is still an advantage to the co-op because the co-op gets a share of the selling margin from that grain," Dale explains.

Response to the MCA agreement has been met with good support, according to Ryan. "At our Marlette elevator there have been many days where there has never been a truck off the scale." Dale adds, "It's a challenge to sell grain because it's a calendar year agreement. When we sell on a calendar year contract, the grain is considered to be marketed on the day it's actually sold."

Ryan further acknowledges that if the price is right, it's hard to get a farmer to sell his grain. "We are going to have to talk to the farmer and show them that a calendar year contract is a better way of doing business."

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**The official schedule for the Southern Thumb Co-op in Lapeer, MI.**

**Monday, December 19, 1995**

- **9:30 am - 10:15 am**
  - **The Current Ag Economy**
- **10:30 am - 11:15 am**
  - **Crop Market Outlook**
- **11:30 am - 12:15 pm**
  - **GMO Crops**
- **12:30 pm - 1:15 pm**
  - **Alternative Crops and Markets**
- **1:30 pm - 2:15 pm**
  - **Soil Health and Quality**
- **2:30 pm - 3:15 pm**
  - **Livestock Market Outlook**
- **3:30 pm - 4:15 pm**
  - **Poultry Market Outlook**
- **4:30 pm - 5:15 pm**
  - **Energy Market Outlook**

**Wednesday, December 21, 1995**

- **9:30 am - 10:15 am**
  - **The Role of Technology in Agriculture**
- **10:30 am - 11:15 am**
  - **The Impact of Land Use Planning**
- **11:30 am - 12:15 pm**
  - **Utility Access to Agriculture**
- **12:30 pm - 1:15 pm**
  - **The Future of Agribusiness**
- **1:30 pm - 2:15 pm**
  - **The Importance of Ag Education**
- **2:30 pm - 3:15 pm**
  - **The Importance of Ag Research**
- **3:30 pm - 4:15 pm**
  - **The Importance of Ag Marketing**
- **4:30 pm - 5:15 pm**
  - **The Importance of Ag Policy**

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**MICHIGAN FARM RADIO NETWORK**

**Serving Michigan farm families is our only business**

Since its beginning in 1971, Michigan Farm Radio Network's only objective has been to serve Michigan's farm families. This dedication to serve agriculture is shared by 27 local radio stations in Michigan. Through these stations, Michigan Farm Radio Network provides the latest in market analysis, weather and news to Farm Bureau members daily on the following stations:

- **Crop Market Outlook**
- **GMO Crops**
- **Alternative Crops and Markets**
- **Soil Health and Quality**
- **Livestock Market Outlook**
- **Poultry Market Outlook**
- **Energy Market Outlook**
- **Utility Access to Agriculture**
- **The Impact of Land Use Planning**
- **The Future of Agribusiness**
- **The Importance of Ag Education**
- **The Importance of Ag Research**
- **The Importance of Ag Marketing**
- **The Importance of Ag Policy**

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**LOW WINTER PRICING**

**Now's the Time to Buy!**

Winter's a great time to get a building site ready for construction, so get started on buying your dream today.

Order a Morton Building now for construction at March 1st, 1997. You can save up to $2,000.00 with this special offer, just in time for winter weather and snow to set your project back.

As long as you prepare your building site before December 31st, 1996, and schedule construction to begin after March 1st, 1997, Morton Buildings will pay you $500.00.
Discover... The Synchrony STS Yield Advantage

Here are the seed companies offering varieties of STS soybeans that are available across the Midwest for the 1997 season. Purchasing STS seed is the first step in the Synchrony STS seed/herbicide system.

**STEP 1**

**Purchase STS soybeans**

- Ag Seeds
- AgTech Seeds Inc.
- Agrinetica, Inc.
- AgriPro Seeds
- AgVenture D & M Seeds, Inc.
- Agrow Seed Co.
- Beck's Superior hybrids
- Bergmann-Taylor, Inc.
- Bo-Ca Enterprises, Inc.
- Brown Seed Enterprises
- Callahan Seeds
- Campbell Seeds
- Cenex-Land O' Lakes
- Champaign Landmark, Inc.
- Chemgro Fertilizer Co. Inc.
- Co-op Seed, Inc.
- CountryMark Cooperative, Inc.
- Dairyland Seed Co., Inc.
- Davis Seed Company
- DeKalb Plant Genetics
- Delta and Pine Land Company
- Dienst Bros. Seeds
- Fontanelle Hybrids
- F/S Seed
- Golden Seed Co., L.L.C./Golden Harvest
- Great Heart Seed
- Great Lakes Hybrids
- Griffith Seed Company
- Gutwein Seeds
- Hill Seed Company
- Hoblit Seed Co.
- Hoegemeyer Hybrids
- Hoffman Seeds, Inc.
- Hubner Seed Co., Inc.
- ICI Seeds
- IMC AgriBusiness Inc.
- Interstate Payco
- The J. C. Robinson Seed Company/Golden Harvest
- Kitchen Seed Co.
- Lanthorn Bros. Seed Corp.
- LaPorte County Seed Service
- Latham Seed Company
- Lewis Hybrids, Inc.
- LG Seeds, Inc.
- Mollin Wilken & Sons Seeds
- Mellow Dent Seed, Inc.
- Merschman Seeds
- Midland Seeds, Inc.
- Midwest Seed Genetics, Inc.
- Moweaqua Seed Company
- Munson Hybrids
- Mycogen Seeds
- NC+ Hybrids
- NeCo Seeds
- Nicoue Seeds
- Osborn Seed
- Ottile Hybrids
- Parke Seeds, Inc.
- Patriot Seed, Inc.
- Pierson Seed Producers, Inc.
- Pioneer Hi-Bred International, Inc.
- Prairie Seed Company
- Professional Seed Associates
- Ray-Carroll Seeds
- Rosen's Inc.
- Rovey Seed Co.
- Rupp Seeds, Inc.
- Sands of Iowa
- Sanggaard Seed Farms, Inc.
- Schleesman Seed Company
- Scott's Quality Seeds
- Shur Grow
- Sieben Hybrids, Inc.
- Sommer Bros. Seed Co./Golden Harvest
- Star Seed Inc.
- Stine Seed Company
- Stone Seed Farm, Inc.
- Stoner Seed Farms, Inc.
- Sun Ag Inc.
- Suvar Hybrids
- Terra Industries Inc.
- Thompson Seed
- Thorp Seed Company/Golden Harvest
- Trisler Seed
- United Agri-Products
- Van Horn Hybrids, Inc.
- Weltman Seeds, Inc.
- Wilken Seed Grains, Inc.
- Wilson Seeds, Inc.

**STEP 2**

**Purchase and apply Synchrony STS herbicide**

plus your favorite postemergence grass herbicide like Assure II, from your DuPont Authorized Retailer.

**STEP 3**

**And now two to three more bushels per acre!**

Choose your favorite STS varieties, with exactly the traits and maturity you want...and join in the success! Enjoy what farmers across the Midwest have experienced—a proven yield advantage of two to three more bushels per acre last year from the Synchrony STS seed/herbicide system.

Enjoy clean fields, stress-free beans...and a proven yield advantage of two to three more bushels of beans per acre.
Market Outlook

by Dr. Jim Hilkert, Department of Agricultural Economics, Michigan State University

CORN

Are all of the "trouble" throughout the Corn Belt over the growing season, the U.S. ends up with a "trend corn yield"? The problem with the above statement is it simply does not occur. Moreover, Illinois, Michigan, and Ohio are areas that suffer from a spring frost, which causes a very strong projected demand, ending stocks seem odd to have lower exports with lower prices, U.S. season average.

The November Corn Crop Report showed the average yield for the U.S. to be 125.5, the third highest ever. As shown below, in the second column of Table 1, this leads to a 9.265 billion bushel crop. After all of the trouble throughout the corn belt over the growing season, this U.S. crop is considered very strong, ending stocks are expected to be as high as in 1996. This is due to ample supplies and the high prices, which keep farmers from selling their corn. The report indicates that there may be a carryover into 1998.

The corn basis is tight and the futures are setting up to pay storage. This means no one should be paying commercial storage, if you are, either sell now or move to a basis contract if you want to stay in the market for a possible rally.

WHEAT

The wheat market looks pretty stagnant and the futures indicate the market will not pay for storage into next year. My assumption is that most people have sold out their 1996 wheat crop. This means that it is time to start looking at the 1997 crop, and we do this by looking at a possible scenario for the 1997-98 crop year. The wheat market is expected to be tight this year, with lower expected wheat stocks and very little additional wheat reserves as world demand grows.

The November Wheat Crop Report showed the average yield for the U.S. to be 376.0, the second highest ever. This leads to a 4.319 billion bushel crop. After all of the trouble throughout the wheat belt over the growing season, this U.S. crop is considered very strong, ending stocks are expected to be as high as in 1996. This is due to ample supplies and the high prices, which keep farmers from selling their wheat. The report indicates that there may be a carryover into 1998.

The wheat basis is tight and the futures are setting up to pay storage. This means no one should be paying commercial storage, if you are, either sell now or move to a basis contract if you want to stay in the market for a possible rally.

SOYBEANS

It now appears the U.S. will have the second highest soybean yield ever at $79.5 bushels per acre. Once again, Michigan did not share in this bounty as we expected to yield a poor 29 bushels per acre compared to a trend of 38 bushels. The difference with soybeans is that ending stocks are still expected to be tight as shown in the second column of Table 3. Even as we look at a projection for the 1997-98 crop year, it is expected that ending stocks will grow quickly and the futures market reflects this by yielding to the mid-$10 range through November/December futures. At this point, I would hold off buying anything higher than $10.75, but be looking for opportunities this winter if there are problems in South America.

The short-term question is what to do with our remaining soybeans. The basis is very tight and the futures say there will be negative returns to storage, i.e., July futures are below January futures. This gives the bears to the market and stay in the market either with a basis contract or by purchasing a call.

CATTLE

The November Cattle On-Farm Report showed the beginning placements in October, making up nearly a tenth of the placements last spring. The 11 percent higher placements, along with the 7 percent fewer placements, indicates that the farmers are doing their best to get their placements right. This means that the feedlots are doing their best to get their placements right.

There are questions of when and how fast. My guess is by the first of the year, if not already, we will be feeling the effect in the form of lower prices. Many of the farmers are doing their best to get their placements right.

Prices:

- Cattle-
futures are near as high as 1996 and the supply/demand situation in my estimation would call for some high to turn.

- Hog-
prices for Grade A large white eggshas average in the upper 50s. The October BFP fell $2.40 from September's record. The November BFP will set a new record for the 35-year history of this basic price. Unfortunately, the Oct. 5, the dairy industry will likely see another drop in the BFP. The record September BFP of $1.57 per pound of milk production (drought on) is now 3 percent above September and 20 percent above October. During this period, the dairy market has shown little interest in the receipt of cheese prices.

The fundamentals of the cheese markets are up on many industry analysts. Throughout the summer many plants were struggling to find milk, so many analysts are now watching the cheese prices. The fundamentalists have been doing their best to get their placements right.

EGGS

Eggs prices for Grade A large white eggshas average in the upper 70s. The October BFP fell $2.40 from September's record. The November BFP will set a new record for the 35-year history of this basic price. Unfortunately, the Oct. 5, the dairy industry will likely see another drop in the BFP. The record September BFP of $1.57 per pound of milk production (drought on) is now 3 percent above September and 20 percent above October. During this period, the dairy market has shown little interest in the receipt of cheese prices.

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Tax-sheltered investments for self-employed and corporate owners

By Ralph R. Nepp, Extension economist, Department of Agricultural Economics, Michigan State University

Self-employed persons and their employees have access to tax-sheltered retirement plans for themselves and their employees. These plans allow deferral of income and deferral of federal income taxes on contributions, while earning income on contributions and investment gains. The plans are designed to provide retirement income to self-employed persons and their employees.

The maximum amount of contributions to a defined contribution plan may not exceed 15 percent of the amount contributed to the plan. In some cases, 25 percent of earnings or compensation may be contributed to the plan. The maximum contribution to a defined benefit plan is the lesser of $50,000 or 15 percent of the compensation of the employee.

The employer must match employee elective contributions on a per-dollar basis up to 3 percent of each employee's compensation. The employer can make a matching contribution of not less than 1 percent of each employee's compensation.

Another option is a profit-sharing plan, where the employer contributes a share of net earnings to the employee's retirement program. The employer may deduct up to 15 percent of the employer's compensation and contribute the funds to a retirement plan. The employer can decide annually (by the board of directors), whether a contribution is made and the percent to be contributed. There is not a fixed commitment that must be made each year to the retirement program, like a pension plan.

Another option for a corporate retirement program is a stock bonus plan. Under this alternative, the corporation contributes stock or securities in the company to the employee's retirement program. The corporate stock must be exchangeable on a ready market, or a cash distribution system established for the employee to choose.

Continued on page 15
I feel he's holding out for $5 corn to sell your 1996 crop, you could be holding onto your crop for quite some time, according to Michigan State University Ag Economist Jim Hilker. Speaking during a recent farm credit conference in Lansing, Hilker says that with a 15 percent stock carryover, starting your 1996 corn would be ill-advised. "We're now in the $2.50 to $3.00 range, which is where fundamentals would put us now that we have more information," Hilker suggests. "While I think the market may work up a little over the next year, the markets are telling us not to put storage, especially commercial storage, and perhaps even on farm storage."

Hilker recommends that producers wanting to stay in the market should sell cash and go to a basis historically high prices, due to high worldwide demand. He added that last year's problems. He cautions against holding out for last year's levels. Although the current market of $1.25 to $1.50 is in comparison to last year, Hilker says the potential for huge average increases worldwide, combined with bigger world stocks, could mean even lower prices. "We definitely want to be looking for some pricing opportunities if we have any kind of a price rally," he says.

Prices for finished cattle will remain stagnant for 1997 in the mid-$60 range. Hilker says the softening of the corn market combined with cheap feeder cattle currently should improve margins. Feeder cattle producers may finally begin to see some improvements over the next year, says Hilker, thanks to cheaper corn prices and a reduced inventory of beef cows. "I expect the beef cow herd to be down 1.5 percent, which means fewer calves come next spring," he says. "I'll anticipate that we'll see feeder prices jump back on top, where yearling will be a little higher and calves will be even higher."

Good times in the hog business should continue throughout 1997 says Hilker, with prices expected to stay in the mid-$50s throughout most of the year before trimming off into the high $40s by the end of 1997 due to expansion. He predicts that the 5 to 12 percent growth in slaughter capacity will prevent a return to the $38 market producers experienced just a few years ago. "Those $20 hogs with 5 or 4 percent more slaughter capacity would never have gone $14 which is still low but certainly not as bad as the $24 to $28 we did see," he says. "Production is down, demand is strong, and exports are going."

**Long-term Projections**

Credit conference participants also got a 10-year outlook from MSU Ag Economist Dr. Jake Beris. Using an "Ag Mod" program, Beris says he is capable of "doing some pretty sophisticated stuff," in measuring supply and demand from a producer, consumer, and international market standpoint. "I have about 400 variables in the model which also includes population growth, income growth, inflation rates, interest rates and so forth," Beris explains. "I can solve for about a 15-year period, year by year, in less than a minute, and if we want to we can simulate the impact of various crop yields." Beris says that an anticipated rapid growth rate in the world economy, in excess of 10 percent, could be capable of "doing some pretty sophisticated stuff," in measuring supply and demand from a producer, consumer, and international market standpoint. "I have about 400 variables in the model which also includes population growth, income growth, inflation rates, interest rates and so forth," Beris explains. "I can solve for about a 15-year period, year by year, in less than a minute, and if we want to we can simulate the impact of various crop yields." Beris adds that "I anticipate that we'll see something happen in the next 10 years as an average," Beris cautions. "We might see it pop up there one or two years, but as an average trend I don't see it happening."
Each day we light the way for you and other farmers across the state — providing the power that keeps you in business. But our commitment to you doesn’t stop there.

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No-till needs retooling, according to coulter inventor

By Steve Tomac

Ray Rawson has been conservation tilling for 35 years. He was one of the first in the world to try such practices. As a result, countries from all over the world seek his advice. To some people, he is the pioneer in tillage methods. He had his own line of tillage tools until he was recently bought out by Unverferth.

Rawson farms 6,000 acres in central Michigan and has modified his operation many times to the point where he sees what he refers to as "organized tillage."

For Rawson, no-till did a poor job of getting the plants off to a good start. "The whole [farming] system is geared around four things: soil air, water, residue, and fertility. Once we have those things in order, we can make a lot of things happen. The baby plant can't tolerate being slowed down when it's small. At five weeks, that plant already determines how many rows of corn are going to be on that cob. The plant already determines the yield potential. If it can't get up and down these hills, "he said. Periodic sampling allows the farmer to decide if the tool needs to be run again. Many years may pass, or just a few, depending on the compaction characteristics of the soil. High traffic areas like headlands are limited most often.

The difference between the shot machine and a subsoiler is subtle, but important. A subsoiler has a "lift and fracture" action. It pulverizes the soil, breaking it into small pieces. Rawson believes that this leads to recompaction. His tool slices the subsoil to the point where roots can penetrate the soil. The soil structure is left undisturbed. Rawson prefers to run the tool in the fall. This allows the warm precipitation to penetrate the soil, building up water reserves for the spring and summer.

Tillage Practices
There are three main systems of tillage; conventional, conservation tillage, and no-till. Conventional tillage is the time-honored tradition of plowing the field, going across it several times with a disk and cultivator, and maybe once before planting. This method can be quite expensive and may do more damage to the soil structure than it improves the land for planting. No-till is the complete opposite. It means that the planter is the only piece of equipment that disturbs the soil. This method may be ineffective because it may not provide the seed with enough air, water, or warmth.

Conservation tillage is a hybrid of the two previous systems. It means that only minimal tillage is done, and is usually focused in the row where the seed will be planted. It provides the necessary conditions for the seed to germinate and grow. Continued on page 15
Kelloff Farm recently experienced several additions, well beyond the arrival of a few calves. Research Associate Sue Pandolfi joined the staff June 10, just in time to begin work in the newly completed pre-calving research barn. Pandolfi, originally from Staten Island, N.Y., spent the last seven years at Virginia Tech. She has a bachelor's degree in animal science, with research experience in dairy and equine nutrition. She recently completed her master's degree in dairy reproduction.

Pandolfi will work on the DryCow Nutrition Research Project with Dr. David Beede, meadows chair for dairy nutrition and management, and Kellogg Dairy Manager Rob Ashley. The pre-calving barn was established to serve the growing need from farmers for more information on pre-calving nutrition. Farmers want to know what to feed their cows prior to calving that would improve health and increase milk production.

The pre-calving barn was constructed this spring, and the first inhabitants arrived June 14. The barn houses up to 40 cows in freestalls, with 44 suburb where the houses are all the same, it does not take long for a cow to remember where her chair for dairy nutrition and management; and each cow gets a different ration. That's 44 different combinations. The cows and heifers will be fed these rations from the time they enter the pre-calving barn until they calve, approximately three weeks.

A cow's first experience in the barn involves one to two weeks of training her to find her own door. Each day, the cows are led by hand to their feeders. It takes only a few days to train the cows the following year. Just as a homeowner adapts in Calangates for individual feeding, it does not take long for a cow to remember where her feeder is situated.

Current research involves taking blood and urine samples from each cow, one when she enters the barn and another after calving. Urine pH and blood mineral levels help researchers understand the ideal balance of minerals and nutrients in rations that will best prepare a cow for calving. The proper balance can help prevent such illnesses as milk fever after calving.

A deal is a deal

A Texas man pagged through a 1995 issue of Ford文章 magazine, he came across a coupon offering a shipment of sausage and pancake flour for $1. Jones Dairy Farm of Port Manono, Wis., placed the ad 63 years ago.

Since the coupon had no expiration date, Fred Simpson decided to send in the coupon. Four days later, a shipment containing a pound of sausage, a box of buckwheat pancake flour and a jar of maple syrup showed up at his front door. Jones Dairy Farm, saying that a coupon is a coupon, proved that honesty still remains in today's business world.

New "Gene-Stack" corn hybrids represent giant technology leap

For the first time in plant breeding history, corn hybrids are nearing commercialization that "stack" genes by biotechnology, giving hybrids the ability to possess multiple beneficial traits including resistance to different types of herbicides, diseases, insects and even poor soil conditions.

The genes that have been carefully selected and implanted in these hybrids are like defense shields. They protect the plant under assault from insects and disease or when incompatible herbicides are used. The breakthrough here is that several genes can now be put into one high-yielding hybrid," says Michael Martin, research director for ICV Garst, based in Slater, Iowa.

Combinations of different stacked traits in hybrids are being field-tested by ICV Garst. Pending final yield results and approvals from all companies involved, ICV Garst expects to release a hybrid that resists the imidazolinone-based (IMI) herbicides from American Cyanamid and the glufosinate-ammonium-based herbicide Liberty®, from AgroBio. "Hybrids with more than one herbicide resistance conferred by biotechnology represent the next evolution of herbicide-resistant plants and a positive breakthrough in crop management tools for farmers," says Stephen O. Duke, weed scientists at the Agricultural Research Service in Stoneville, Mississippi, and editor of the recently published book, Herbicide Resistant Crops.

ICV Garst is developing these gene-stacked hybrids to give farmers more management options and control flexibility. Our main objective is to maintain yield integrity and keep the cost affordable," says Col Seccombe, president of ICV Garst. Pricing of the new stacked hybrids has not been finalized, but Seccombe says the economic benefits to the grower will be maintained.

With the new technology, a hybrid may be loaded with several traits, for example, having both the ability to resist certain herbicides as well as certain diseases like gray leaf spot or tolerate soil conditions such as high pH. "We're tailoring products for specific market niches and needs," Seccombe says.

Another potential combination is inserting the herbicide resistant gene in a high-yielding hybrid that also resists European corn borers by incorporating Bacillus thuringiensis (Bt) genes. ICV Garst plans to test its own novel strain of Bt in a hybrid that is also resistant to Liberty herbicide. The company is referring to this combination as "BTL."

"The company is calling the process of incorporating more than one genetic trait into a hybrid, "G2P2C," which stands for "Genes 2 - Plants 2 - Crops." Growers are likely to see this on company seed bags in the future.

ICV Garst will make the transition to Garst Seed Company in 1997.

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Garst hybrid corn provide a complete package of important agronomic traits, such as standability, ear retention, dry down and test weight. A proven performance package! That is what Garst delivers.
Weather Outlook

by Dr. Jeff Andresen, Agricultural Meteorologist, Department of Geography, Michigan State University

U pper air turbulence over the Great Lakes region continues to be the dominant jet stream feature over eastern North America, with colder and cloudier than normal weather resulting in Michigan. Mean temperatures across the state during November ranged from 3-79°F below normal, which should persist through November in the record book as one of the coldest on record. With the exception of a major take-off event that left some spots in southwestern Lower and the northern Upper Peninsula with more than 2 feet of snow, precipitation totals generally remained below seasonal normals.

During much of the fall season, coupled oceanic-atmospheric computer models, a major tool in long lead forecast projections, had been calling for a slow increase in wide swings in temperature across central and eastern sections of the equal.

Tuberculosis survey of white-tailed deer reveals 24 positives in a four-county region

Continued from front page

A Tuberculosis-infected deer with multiple pea-sized tan or yellow lumps or lesions typical of the disease.

Continued from front page

Pacific, putting an end to the current weak La Nina event (abnormally cool ocean temperatures in this area). This warming has not yet occurred, however, leading to some changes in long lead outlooks and to an overall decrease in confidence in the outlook in the next Spring. Most recent National Weather Service long lead outlooks call for near equal odds of below-, near- and above-normal temperatures and precipitation for both the 12-20 December and 21-20 December-February periods. I think that the current long range pattern across the region is likely to continue for the next couple of weeks, however, which would result in a continuation of below normal temperatures and precipitation across most of the state, with the exception of lake-effect areas, where snowfall will be above normal. Look for a change in this pattern and some moderation in temperatures by late December or early January.

CFTC files three complaints alleging violations...

Continued from front page

record at a hearing convened before a CFTC administrative law judge, who will then make appropriate findings of fact and conclusions of law. Under the CFTC's Rules of Practice, the respondents are required to answer the charges in the respective complaints within 20 days of service. Therefore, the administrative law judge will set a date for a hearing. The CFTC recognizes that there is widespread use in the grain industry of various grain contracts, some of which are termed "hedge-to-arrive" contracts, or "options." The decision to bring these actions is based solely on the facts relating to the specific contracts involved in these three cases.

EEP for wheat

A letter has been delivered to Agriculture Secretary Mike Glickman urging him to use all possible means to persuade the European Union to stop subsidizing sales of wheat.

If the EU does not stop use of these subsidies, for wheat EEP has asked the Secretary to initiate use of EEP (Export Enhancement Program) funds for U.S. wheat sales. The funding for EEP is based on the wheat relative to the specific conditions in the U.S. and China.

China to ban ag imports

China announced it will temporarily ban U.S.-grown agricultural imports in retaliation of U.S. bans on Chinese textile exports. The Chinese were not specific on which products will be included under the agricultural heading, but said the ban will begin Dec. 10.

The import ban also includes imports of U.S. textiles and alcoholic drinks. The U.S. and China recently settled a proposed Chinese ban on imports of U.S.-grown poultry, based on Chinese claims that the imports were contaminated by avian influenza. That ban also was scheduled to take place Dec. 10.
Precision Agriculture

by Neil R. Miller

Many agricultural professionals agree that yield monitoring is the logical next step for farmers getting involved in GPS technology. One rationale for this belief has been that a farmer will need 4-5 years of yield data to identify high and low yielding zones within fields. These yield histories can then be combined with soil fertility data to calculate fertilizer needs.

Recent data suggest this process may be more difficult than anticipated. Season-to-season variability can often confound within-field variability. For example, the highest yielding areas of a field in one year may be the lowest yielding areas in a dry year. Does this mean that yield monitor data will not be useful for fertility management decisions? Hardly. Though their importance varies depending on which nutrient we are managing, yield monitors are still an integral part of site specific fertility management.

Normalizing Yields — If one took a simple average of several years’ data, high yielding areas and crops would tend to over influence low yielding years and crops. Thus, the first step to making multiple year comparisons is to convert actual yields to “normalized” values (a percentage of the field average) so that each crop carries equal weight.

Phosphorus and Potassium Management — Where these elements are already at optimum levels, P and K fertility in field crops is principally a matter of replacing what nutrients are removed by the crop. In these cases, a yield history within fields should correlate well with P and K needs. Over time, even if the high and low yielding areas are not consistent from year to year. On low or high testing soils where we are trying to build up or draw down levels of these elements, yield histories alone will not adequately track fertility dynamics, and regular soil testing is even more important. The same is true on sandy soils where K leaching may be significant.

Lime and Minor Elements — Management of pH, magnesium and micronutrients is rarely based on yield potential or crop removal. For this reason, site specific management plans for these elements will be based on soil testing rather than on yield monitor data. Yield maps may, however, direct soil sampling to areas where these factors may be limiting yields.

Nitrogen — Nitrogen management decisions in field crops have traditionally been based principally or entirely on yield potential of the crop. Yield monitors can help us develop more realistic yield goals. However, historical crop removal and carry-over is not as useful with P and K. In order to use conventional formulas, we need to estimate this year’s yield potential, a much more difficult task than calculating the historical track record. If year-to-year variation is high, we will likely underreact in some areas and overestimate needs in others. Using site-specific nitrogen rates on within-field yield histories alone may, therefore, increase a farmer’s risk beyond an acceptable level.

Recent research at the University of Guelph and elsewhere suggests, that although yield vary widely from year to year, response to added N fertilizer is more consistent. Thus, if a farmer develops a map of historical response to N fertilizer (e.g. by leaving unfertilized strips and recording their yield relative to adjacent fertilized strips) they may develop a better site-specific predictor of optimum nitrogen rates. These studies need further validation before they can be used on a wide scale. Nevertheless, they reinforce the fact that while site specific management may not be as simple as we once thought, yield monitor data can help us develop fertility systems that minimize risk and maximize probability.

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Iowa Supreme Court rules in favor of hog lot

The Iowa Supreme Court on Wednesday cleared the way for large hog lots to be exempt from local zoning laws. The court overturned a lower court ruling that held that large hog lots are more like factories, not farms, and fall under local zoning ordinances.

State law prohibits local governments from using zoning to control farm operations. “In determining what uses are for agricultural purposes, we view agriculture as the art or science of cultivating the ground, including harvesting of crops and rearing and management of livestock,” the court said.

Four individuals formed a joint venture to construct a 2,000 hog facility on a five-acre site. They had planned on doubling the size later on. Local zoning officials said the facility required a special exemption from local codes because the hog lot was separate from other farming operations.

Local officials denied the special exemption, and two of the partners went to court.

A lower court said the local officials acted within the law. The Supreme Court didn’t agree.

While local officials tried to require a link between hog lots and more traditional farming operations, the law requires no such tie, said the court.

Official to Monsanto: Slow down

Monsanto officials are confident once controversy has been cleared away, interest in genetically engineered soybeans will be reignited. But Henrik Krone of the Euro Commerce trade association is advising Monsanto to slow its marketing efforts down a little. "I am telling American exporters to please... if you are wise, don't ship those soybeans to Europe because you may trigger a lasting reaction," said Krone. "And, if you must, separate and label them." European environmental groups have been fighting the genetically engineered soybeans over safety fears. Many groups want the products labeled. Monsanto has repeatedly assured consumers and government officials that the soybeans are safe, and labeling is unnecessary.

Figure 1 — The poorly drained northwest corner of this field yielded poorly in 1995, a year with adequate moisture. In 1996, however, the same area out-produced the rest of the field where yields were limited by a lack of moisture.

Using yield monitor data in crop fertility management

by Neil R. Miller

Iowa Supreme Court
Rules in Favor of Hog Lot

Figure 1 — The poorly drained northwest corner of this field yielded poorly in 1995, a year with adequate moisture. In 1996, however, the same area out-produced the rest of the field where yields were limited by a lack of moisture.

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Florida voters reject sugar tax

Florida sugar producers are experiencing the sweet taste of victory in votes that in state rejected a referendum that would have established a $100 million, penny-a-pound tax on Florida sugar producers to "bail out the Brazilians.

The tax would have imposed a tax on Florida's 150 sugar producers, who are already paying $322 million over 20 years on efforts to obtolate phosphorus from agricultural runoff. The new tax would have put all of the sugar producers in the Brazilians Agricultural Association in jeopardy of going out of business. "Agricultural producers in opposition to this tax," said Carl B. Loop, Jr., president of the Florida Farm Bureau Federation and vice president of the American Farm Bureau Federation. "Farm Bureau members across the state recognized the danger posed by a constitutional amendment that singled out one segment of our industry for unfair, punitive taxation. Our members worked hard at the grass-roots level to defeat the sugar tax."

It was reported that the sugar tax campaign was the second-most expensive referendum campaign in U.S. history. Roughly 56 percent of Florida's voters rejected the tax. In what was described as another setback for sugar-tax proponents, Florida voters also approved a measure that will require a two-thirds vote for any new tax proposals. That initiative was approved by approximately 69 percent of voters.

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After the harvest... Post-season combine maintenance pays big dividends

The harvest is in, and it’s time to put up the grain for a new season. For many farmers, some simple practices can save you money next fall when it’s time to fire up the combine again.

The Engine
- Clean the exterior of the engine.
- Change the oil. Run the engine until it reaches the recommended operating temperature. For fall combine maintenance, be sure to check the weather forecast to stop the engine and drain the oil. Clean the crankcase breather holes and replace the oil filter prior to adding new oil.
- Service the air cleaner, replace air filter as needed.

Elsewhere
- Service the combine inside, if at all possible.
- Check coolant and antifreeze replenishment as necessary.
- If possible, remove the batteries, make sure that they have changed and store it in a cool, dry place (NOT ON CONCRETE).
- During storage, start the engine at least once a month and run the engine conditioners for a few minutes. This will lubricate the shaft seal and prevent the loss of grease.
- When storing, the combine operator has warmed up the engine heat for the start and air conditioning. If necessary, turn the compressor shaft hand a few times to lubricate the shaft seal.
- Retract all hydraulic cylinders and grease the exposed portions of the piston rods.
- Remove all chains, wash them in solvent and store them in oil to lubricate them and prevent rust.

No-till needs retooling, according to Ray Rawson

Continued from page 10
The most important aspect of the season was the lack of economic structure. Portugal, a country with a different type of soil, climate, and market, has part of his company spread all over the world. Rawson said that he has never done a system where all of the farmers are located in one place. For the few years ago when they started working with applying fertilizer, the farmers are not used to having equipment running in Russia, but instead, a certain type of equipment is required for the local market.

Ray Rawson

December 15, 1996

TAX-SHELTERED INVESTMENTS FOR SELF-EMPLOYED AND CORPORATE OWNERS

Continued from page 7
The final basic option for a 401k plan is the SIMPLE plan which was added by the Small Business Job Protection Bill of 1994. A SIMPLE retirement plan allows employers to make elective contributions to an IRA. Employee contributions have to be expressed as a percentage of the employee’s compensation, and cannot exceed $6,000 per year. The $6,000 dollar limit is indexed for inflation in $500 increments.

There are many variations, and many rules and regulations for tax-deferred retirement plans. The plans can vary greatly from one corporation to another, and from one plan to another. Family-held corporations own the employee’s individual retirement account (IRA). Employee contributions have to be expressed as a percentage of the employee’s compensation, and cannot exceed $6,000 per year. The $6,000 dollar limit is indexed for inflation in $500 increments.

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Market Outlook

Continued from page 6
From last year, the egg-type chick hatch in October was down 1 percent from October 1995. As expected, because of the favorable egg-price relationship, the number of layer-type eggs in incubators on November 1 was up 2 percent from a year earlier. The egg-price forecast continues strong as shown by the Commercial Egg Movement Report. The report showed more eggs moving through retail stores than last year, even though prices were higher.

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Brian Tews

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Beware of carbon monoxide rise in shops and outbuildings

The advent of cold weather brings with it an elevated risk of carbon monoxide poisoning among farmers and their employees. Running a serious risk are gasoline-powered washers that are used inside buildings, says Howard Doss, Michigan State University Extension agricultural safety leader. He says there have been reports in the past few years of farm family members or employees who were overcome, and nearly died while operating power washers inside outbuildings, most of which were being ventilated. In all cases reported, the people who were overcome had been using the gasoline engine-driven power washers inside the building for about 30 minutes.

"No gasoline engine, irrespective of size, should ever be inside a building unless flexible tubing or pipes that are in good condition are used to convey the exhaust outside the building," Doss says.

Carbon monoxide poisoning hazards can also exist in workshops that are closed against winter weather. When unvented space heaters are used or workers are welding, painting or cleaning equipment, exhaust fans are efficient only if fresh air is available from an open window or from a ventilator.

When unvented space heaters are used or workers are welding, painting or cleaning equipment, exhaust fans are efficient only if fresh air is available from an open window or from a ventilator. Carbon monoxide poisoning symptoms may include a mild headache, inability to concentrate, nausea, fatigue and dizziness. "As the length of time and degree of exposure increase, so does the severity of the symptoms, which can lead to progressive weakness, confusion and ultimately a coma or death," Doss says.

Extension specialists receive awards

A n agronomist and an entomologist at Michigan State University have received the MSU Extension Specialist Association's highest award. Karen Renner, Extension weed specialist, and David Smiley, Extension entomologist, were given the 1996 Outstanding Extension Specialist award for their industry leadership and accomplishments in their respective fields.

Since joining the faculty in 1986, Renner has developed numerous publications on weed control and management and herbicide impact on water quality. She is a nationally known speaker, teacher and writer and is highly respected by her peers and Michigan's agricultural industry. Renner has served on several university committees and is currently the associate editor for the Journal of Weed Science, which is published by the Weed Science Society of America.

Smiley has conducted research on insect pests associated with turf, landscape and greenhouse plants. Among many accomplishments, he developed the importation and establishment of a fungus used to control gray moth and larval development. The fungus, Entomophaga maimeri, appears to be the most effective method for managing the gray moth in Michigan. Smiley is the chairperson of an Extension specialist since 1985. His expertise in plant quarantine and the study of insect pathogens has spared the landscape and greenhouse industries in Michigan from serious economic losses.

Smiley is the chairperson of the Extension Landscape Crop Advisory Board and a member of the Extension director search committee.

They include:
- Advance purchases of dairy products for the second half of the year
- Use of the Dairy Export Incentive Program (DEIP) to the maximum extent allowed
- Use of the 4598 program to the maximum extent allowed

Each of these actions are currently authorized and funded. This means that these options to improve farm income and profits must be more widely recognized as options, since they still need to work their way through the market system before they are reflected in producer prices.

In addition to these short-term actions, we are also encouraging the Department to proceed with the development of an expanded survey of dairy product prices. This could be a useful tool for milk pricing, under the reformed marketing orders that are currently being developed. We also encourage the Department to explore options for additional oversight of the National Cheese Exchange. Since this market impact the pricing of almost all milk in the country, producers need assurance that it is operating properly.

FB calls for tax changes on deferred payments

American Farm Bureau is calling on Congress to pass legislation early next year that will prevent the Internal Revenue Service (IRS) from seeking back taxes from farmers who use "deferred payment contracts." The issue has surfaced because the IRS is now telling farmers that contracts they have used to make additional payments and even back taxes under the Alternative Minimum Tax (AMT) are special tax calculations designed to prevent those with significant incomes from paying little or no tax. If the AMT is more than the regular tax due, the taxpayer may pay the difference.

Including deferred payment contracts in the AMT is inconsistent with the intent of Congress and with the historical treatment of those contracts, according to American Farm Bureau Federation President Dean Klecker, who outlined the situation in a letter to all U.S. senators. "The 1980 act specifically excluded farmers from any calculation of the AMT for deferred payment contract sales," Klecker said. "However, an oversight occurred in the 1986 act when no specific AMT deferred payment contract exclusion was included. Now, some 10 years later, the IRS is taking the position that deferred payment contracts cannot be used to delay income for AMT purposes."

In the letter, Klecker emphasized the need and justification for this exemption for farmers. "Agricultural producers face wide swings in income due to weather and markets that are in most instances beyond their control," he said. "Farmers use deferred payment contracts to balance income by smoothing fluctuations by selling a commodity in one year and delaying payment until the next," he said. "The IRS has started auditing farmers and including deferred payments in their AMT income," according to Pat Wolf, an AFBF governmental relations director. "What makes it even worse is that it isn't only being done for the year under audit, but for all back years that are open to audit." Wolf said, "It's essentially a problem, Wolf explained, "because farmers are dealing with what they believed to be an oversight and then they just continued calculating their taxes the way they had traditionally."

Joseph (Belo) Baca (D-N.M.) and George (R-Wash.) will introduce legislation in the new Congress, to clarify that deferred payment contracts can be used by farmers for both their regular tax and AMT calculations.
Conservation tillage tops 100 million acres

Environmental friendly farming: Gains and concerns in '96

The latest nationwide survey shows farmers used environmentally friendly systems to plant and manage a record 103.8 million acres (37 percent) of all cropland planted this year (290.2 million acres). The nonprofit center that compiles the annual survey notes that the new milestone in acres under conservation methods was set for nine western states like South Dakota, Minnesota and Montana, which are not common recognized for high use of such systems.

According to the survey, (National Cropland Residue Management Survey) farmers in South Dakota led the growth in conservation tillage systems like no-till and mulch-till, accounting for nearly one million of the additional 4.9 million acres farmed under such systems this year. Also contributing to the growth curve with gains of more than 100,000 acres each year are Minnesota, Missouri, Montana, Kansas, Iowa, Nebraska and Illinois. In the meantime, Indiana, one of the traditional leaders, posted a more than 540,000-acre decline in use of conservation tillage.

John Hebblethwaite, executive director of the Conservation Technology Information Center (CTIC) insists there is reason for both celebration and concern. "We are excited to surpass this 100 million-acre milestone with terrific performances from emerging states but it is obvious we have some work to do when a leading state like Indiana experiences a decline," says Hebblethwaite. He notes consistent use of conservation tillage is important if farmers expect to realize all the economic and environmental benefits available.

Indiana and Ohio were among several Midwestern states that struggled through extended periods of wet weather at planting time this spring. "It seems we're not doing enough to generate greater awareness of the techniques and technologies available to help farmers weather these environmental challenges without resorting to intensive tillage," says Hebblethwaite. He points to tall stop preparation techniques that conserve crop residue as one likely solution for the crop growing challenges faced by farmers in these states this year.

Unlike conventional farming systems, farmers who use conservation tillage would distract or till the soil in their fields any more. Instead, they leave the plant materials from the recently harvested crop in the field. The old stem, stalks and leaves are left near the soil surface to provide a protective blanket. No-till conservation tillage systems are to keep 50 percent or more of the soil surface covered with crop residues, after a new crop is planted. In addition to soil erosion control, systems like no-till improve long-term productivity by adding organic matter to the soil, increase efficiency by saving labor, fuel and equipment costs, and provide water quality and wildlife benefits. Other, more conventional, crop growing systems, require more intensive tilling, which can lead to greater soil erosion.

Tillage system changes in acres planted

Farmers planted an additional 11.5 million acres of cropland this year and much of that may reflect land returned to production following the end of commodity-based, government set acre programs. The survey shows 290.2 million cropland acres were planted this year, compared to 278.7 million last year.

Conservation tillage system changes (30 percent and more crop residue left after planting) were used on an additional 4.9 million acres this year compared to 1995:

- No-till increased by 2 million acres (from 40.9 million to 42.9 million)

- Reduced-till (15-30 percent) residue left after planting) increased by 6.6 million acres this year.

- Mulch-till gains 2.9 million acres (from 54.6 million to 57.5 million)

- Other tillage systems (less than 50 percent crop residue left after planting) increased by 6.6 million acres this year.

- Reduced till (15-30 percent residue) gained 4.7 million acres (from 70.1 million to 74.8 million)

- Conventional till (less than 15 percent residue) gained 1.9 million acres (from 100.6 million to 111.5 million)

Trends:

Over the last 10 years, conservation tillage systems have experienced greater growth in the United States than any of the early projections anticipated. The growth continued this year, largely due to increased use of such systems in the northern Great Plains to plant and manage small grains (most likely wheat) as well as corn. However, in the last two years, total no-till corn acres have been down nationwide. No-till corn reached a high of 14 million acres planted in 1994, declined in 1995 and has yet to rebound to 13.2 million acres planted this year. Indiana's sizable decline in conservation tillage acreage was largely due to losses in no-till corn acres (from 109.6 million to 57.5 million).

Ohio had 100,000 fewer no-till corn acres this year. Both states were affected by wet weather at planting time. "No-till corn acreage continues to remain in conservation tillage in South Dakota this year was a product of increases in no-till and mulch corn and small grains.

State highlights by tillage system:

The top five no-till states, based on total acres planted with no-till, are Illinois, 5.8 million acres; Iowa, 4.1 million acres, Indiana, 4.1 million acres; Ohio, 3.8 million acres, and Missouri, 3.1 million acres.

The top five states, based on percentage of total cropland acres planted no-till are: Kentucky, 51 percent; Maryland, 46 percent; Tennessee, 44 percent; West Virginia, 39 percent; Delaware, 38 percent; and Ohio, 37 percent.

The top five states, based on total acres planted with no-till or till are: Iowa, 7.4 million acres; North Dakota, 4.7 million acres; Nebraska, 4.7 million acres; Kansas, 4.5 million acres; and Texas, 4.4 million acres.

The top five states, based on total ridge-till acres planted are: Nebraska, 1.6 million acres; Kansas, 1.6 million acres; Minnesota, 100,000 acres; Illinois, 94,000 acres; and Indiana, 90,000 acres.

State highlights by crop

Iowa leads no-till across the nation (single crop) soybean states with 3.1 million acres planted this year, followed by Indiana, 2.6 million acres, Iowa, 2.2 million acres; Ohio, 2.2 million acres, and Minnesota, 3.3 million acres.

Iowa remains the leading no-till corn state with 1.8 million acres planted this year, followed by Nebraska, 1.7 million acres; Illinois, 1.7 million acres; Indiana, 1.1 million acres; and Ohio, 0.9 million acres. No-till corn acres declined in Indiana, Iowa, Illinois and Ohio this year, while increasing in Minnesota and South Dakota.

Spring and fall planted no-till small grains, led by wheat, posted a 900,000-acre increase this year. North Dakota, Ohio, Montana, Missouri, Illinois and South Dakota each gained 500,000 or more acres. 

Cotton declined by almost 1.4 million acres total and no-till acres nationwide. Tennessee still leads the South in no-till cotton production. Missouri, Alabama, Virginia and Arkansas posted gains in no-till cotton this year. Louisiana, Georgia and Arkansas also posted gains in mulch till-cotton.

What to look for in future surveys

USDAA estimates that up to 24 million acres will be eligible to return to crop production from the Conservation Reserve Program (CRP) within the next year. The influx of additional conservation acres could result in some stable shifts in tillage usage on the next two years. Research shows that some of the land left in CRP plantings to grass under the 10-year CRP program has been improved for production. Better soil erosion control, increased organic matter; improved water infiltration are evident. Research also indicates the less tilled soil, the more likely those improvements can be realized indefinitely. Amelio estimates the world's population will nearly double in the next 50 years. CTIC is recommending farmers remain competitive by considering a conservation tillage system that will ensure productivity and sustainability of their soil resource base.

The National Cropland Residue Management Survey is published annually by the Conservation Technology Information Center (CTIC) in cooperation with the USDA National Resources Conservation Service (NRCS), soil and water conservation districts and others. CTIC is a nonprofit information/data center that promotes environmentally and economically beneficial natural resource systems.

Farm income equalization

The 1996 farm bill phases out income payments to farmers over a five-year span. As a result, farm income will be increasingly determined by unpredictable and uncontrollable weather and markets.

Producers of commodities not covered by farm programs are already subject to wide swings in income because of variable growing conditions and market fluctuations.

Tax code provisions, such as cash accounting and deferred payment contracts, provide important financial and tax management tools for producers.

Recognizing the impact of budget cuts for federal agricultural programs, Congress included language in the 1996 budget resolution that pledged to increase agricultural cash unless, among other things, Congress agreed to provide mechanisms to allow farmers to average high income over the years. Without the ability to even out swing swings in income, farmers and ranchers end up paying more taxes than individuals with stable incomes because income peaks are taxed at a higher rate than if the same income were spread out over several years.

The inequity is accentuated when a farmer or rancher is forced to sell land to pay the sale of land or other capital assets.

Several pieces of Farm Bureau-supported legislation were considered by the initial Congress but were not enacted into law. Farm Bureau will be working to secure their passage as the bills are reintroduced next year.

H.R. 378 would allow two-year income averaging for farm income.

H.R. 3559 would allow farmers to place an amount equal to their 1996 FAPRA Act market transition payment (or $4,000 whichever is less) into an income tax deferred account called a "Farmer IRA.

H.R. 4072 would prevent IRS from applying the Alternative Minimum Tax to installment sales of farmland.

H.R. 1498 allows farmers and ranchers the option to count income from crop insurance proceeds and disaster payments in either the year of the disaster or the following year.

H.R. 1988 expands the applicability of special tax rules governing the tax treatment of livestock sold to inclusive all types of natural disasters, not just drought.

H.R. 378, H.R. 844, H.R. 5500 allows farmers to in

volve from asset sales into an individual retirement account with dues at withdrawal. South Dakota Farm Bureau helps farmers to pay off the option of accounting for farmers and the continuation and expansion of tax code provisions that allow farmers to make income with expenses. Farm Bureau supports the reinstatement of income averaging for farm income and the creation of "farm earnings plans" which would allow farmers to put money into a tax account for use during emergencies.

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Michigan & Ohio Yields

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Precision Agriculture

Perry M. Petersen, C.P. Ag.-CCA, Corporate Manager, Precision Agriculture, Terra Industries Inc.

Many Michigan farmers are adopting precision agriculture technologies and changing the way they manage their cropping systems. They are using precision agriculture to improve their production efficiencies and to get more out of their resources. But they aren’t doing it by themselves. They get expert help and advice from Ralph Leech, John McGuire and Pat Trail, Terra’s cropping systems advisor in Michigan.

“When Terra established it’s a Precision in Agriculture program, we realized that our customers needed someone with technical and agronomic expertise to help them use key precision agriculture tools: geographic information systems (GIS), the global positioning system (GPS), variable rate technology, database management and grid soil sampling. Terra created the position of cropping systems advisor to work with farmers on precision agriculture implementation and to analyze the massive quantity of data collected about their cropping systems.”

Leech, McGuire and Trail are key to putting precision agriculture technologies to work for Terra’s Michigan customers. Each of them has his own way of achieving that goal.

“One of the first things I do is figure out what goals a client has in mind for precision agriculture,” says Leech, who worked this year with Terra customers in Saginaw-Bayshore, Clinton and Gratiot counties. “I want to find out what’s in his after. For the most part, our customers think they want to increase bushels per acre across the farms.

“But after talking to them about our precision agriculture program, they see what we are really doing is looking at net return on investment. For the dollar spent on crop inputs, why don’t we use precision ag technologies to put fertilizers, for example, in those areas of a field that really need it versus just putting to blanket application over the entire field?”

McGuire says his customers in Huron, Sanilac and Tuscola counties have individual reasons for getting involved in precision agriculture. To help evaluate each customer’s situation, McGuire goes to a series of questions about the farmer. What is his cropping rotation? Most growers are in four crop rotations: sugar beets, dry beans, corn and soybeans, McGuire explains. “If she is doing more corn and soybeans, it may be worth to put a yield monitor on his combine. But if she has only 30 percent corn and soybeans it may not be worth it, depending on the size of his operation.” Is he computer literate? “We’re using a personal computer already for record keeping, it makes it easier for him to take the next step to the detailed database he will build with geo-referenced yield monitoring and grid soil sampling,” McGuire says. “What does he already know about the technology involved with precision ag?” “I need to know what level of background information he already has about precision agriculture,” McGuire says. “I want to help him understand the different components and how the information they generate can benefit his operation.”

“Terra helped some of his customers (who are located primarily south of Lansing and between Lake Michigan and Lake Erie) decide how to get into precision agriculture this year by taking into consideration the equipment they already own.

“Seven farmers I work with started using yield monitors to collect site-specific, geo-referenced yield data,” Trail says. “But 20 customers started by collecting detailed grid soil sampling data because they have older combines without yield monitors with which they would be able to work with our new model with that have the monitors.”

Trail says he advises farmers not to start sampling their fields’ best. “I tell them to start with their worst fields and try to build those fields up to the level of their better fields,” he adds.

Each farmer’s crop production system may be somewhat different, and he may have his own unique reasons for getting involved with precision agriculture. Terra’s crop scouting guidance from qualified cropping advisors can help him create the most of the technology associated with precision agriculture.
Michigan's Groundwater Stewardship Program

**By Mary Gawenda**

D esigned to help individuals protect their groundwater resources, the new Michigan Groundwater Stewardship Program is at the forefront in groundwater protection. This voluntary program has helped nearly 5,000 Michigan farmers conduct the confidential Farm*A*Syst farmstead risk assessment and provided technical assistance and cost-share resources for nearly 1,000 abandoned wells closures, says Mark Swartz, MDU Groundwater program manager.

Funding is generated from registration and sales-based fees on pesticides and nutrients fertilizers. Specialty (bushel) products generate about 40 percent of the program’s revenue, with the remainder of the financial outlay for other state resources used account for most of the remaining 60 percent. Some federal dollars provided by the EPA are also available for technical support to Michigan’s Clean Sweep pesticide pickup program.

Farm*A*Syst, a voluntary and confidential assessment of potential nonpoint source water pollution in bushel counties, intends to organize in a way that allows a farmer to look at his or her own operation in terms of potential water-quality risk factors, according to Swartz, conducting a Farm*A*Syst evaluation with a trained technical assistant makes eligible for the Michigan technical assistance and cost-share opportunities provided by the program.

"Many of the farmers who have been a part of the program process this year, have already done things such as moving their pesticide-mixload operations away from their well, or using an air gap when filling their sprayer, to reduce their risks at no cost," says Swartz. Another advantage of Michigan’s program is that the Michigan Groundwater Stewardship Program is the first in the state to provide full pesticide applicator certification credits can be obtained for completing a Farm*A*Syst evaluation.

"Abandoned wells are one of the most frequently identified risks identified by farmers when doing a Farm*A*Syst evaluation," says Swartz. Abandoned wells that are open to the surface can allow surface water to move directly into groundwater. Any activity taking place on the soil surface can have a direct impact on groundwater because all of the natural filtration capacity of the soils are bypassed. The Michigan Stewardship Program provides technical assistance and up to 90 percent cost-share to abandoned wells. It seeks to raise the awareness of the high risk of harm, such as to the environment or human health. A well may reduce risks but does not improve profitability (such as pre-sliced soil nitrate testing).

"For abandoned wells, we worked with the State Environmental Protection Agency to support the pesticide containment strategy," says Swartz. The Michigan Groundwater Stewardship Program is the coordination of local, state and federal resources in a way that makes it easier for farmers to act on the different issues.

"For abandoned well closures, we worked with MSU Extension, the Michigan Department of Public Health, Michigan Agriculture, the Michigan Resources Conservation Service (NRCS), and the 349 cost-share programs to combine background, technical and administrative information and integrated them into a single groundwater stewardship practice manual. The intent is to provide one-stopshopping for information on abandoned wells," says Kimberly Neumann, NRCS liaison to the Michigan Groundwater Stewardship Program. The technical assistance for Farm*A*Syst and abandoned well closures are supported through grants from the Michigan Department of Agriculture (MDA) to local groundwater stewardship programs. Each of these local programs is putting together a groundwater stewardship team comprised of local farmers, agribusinesses and agency representatives. These teams local determine what type of risk of education, technical assistance, demonstration and cost-share are each do local grant proposal.

"In many ways the local stewardship teams also provide directives for the statewide program. Farmers who are on a local groundwater stewardship teams or have completed a Farm*A*Syst evaluation are also asked to let us know what practices they are interested in. That information is used to set priorities for the state level program," says Swartz. To date, MDA has provided $23 million to local programs for the Michigan Groundwater Stewardship Program.

"Michigan farmers have also been taking advantage of the newly initialized spill response program," says Swartz. This program is providing technical assistance, notification support, and, in some cases, financial assistance to individuals who have had a pesticide, fertilizer or manure spill. "Last year about 50 percent of the overall funding went to local cost-share programs. The remaining went toward for local demonstrations, educational support, and technical support for the local programs. Program administration fees were kept to less than 14 percent, while monitoring costs are 10 percent of state and federal programs." Although the program has had a positive impact, it has also had its critics. "We, as a service, have been providing assistance for farmers that are at a lower cost than state dealer," says Swartz. Eventually, some of our dealers are going to be forced out of business for the benefit of Ohio and Indiana dealers," reports Swartz.

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For further information, contact: Linda Cahill, fruit; Gary Lucier, vegetables; Ron Leon, sweeteners; Dorle Johnson, tree and greenhouse nursery; Lewrone Glaser, industrial crops. All are at (203) 219-0840.
Groundwater protection starts with community action

A year ago, participants sent a questionnaire to Bay County Farm Bureau members, asking what stewardship practices they might be interested in if cost-sharing were available. Farmers returned project ideas including a pesticide loading pad, nutrient management and petroleum storage.

The Bay County Soil Conservation District organized the groundwater stewardship team and applied for a $53,000 grant to help fund such projects. With the funding, which was approved in October, the Soil Conservation District hired a technician to oversee the program. Approximately $25,000 is earmarked for farmer cost-sharing projects.

Dayck says it's important for farmers to get involved in groundwater action. "If we as an industry can take care of potential environmental problems now, then it saves us from expensive and time-consuming clean-up in the future," he explains. "Knowing that environmental issues and rules and regulations are coming, we should act now."

Kevin Kirk, MBF commodity specialist, agrees. "When there is a groundwater contamination problem, the finger gets pointed at agriculture all too often," he says. "People often forget about pollution sources such as commerce and industry, and even household waste. Farmers need to be proactive about groundwater protection, then other folks know what they're doing."

Manual offers groundwater help

Kirk says Groundwater Stewardship in Michigan — A Manual for Community Action is an excellent means to that end. "It's a comprehensive resource that can help them organize a groundwater stewardship team," he says. "Then, their role is to determine what the priorities are in their communities and where they can do some good."

The manual explains how citizens can form a groundwater stewardship team, and explains how to determine whether there are groundwater threats in the community. It provides an introduction to the movement of groundwater and addresses land uses that can impact the resource. The manual shares helpful resources, lists of publications to read and people to contact. Should projects need funding, the manual acts as a guide for finding it. "We even tried to take it down to the local level, with names of government agencies so people would know where to look for information," Kirk says.

The "Every Natural Resources Conservation Service office has a copy of the manual," he says. "Their staff members have been instrumental in helping to get this project off the ground and to form local teams."

Fertilizer fee provides funding source

Dayck's three-county groundwater stewardship team earned their grant through the Michigan Department of Agriculture. Finances for such agricultural projects come from the Groundwater Stewardship Protection Fund — obtained from a fee of one-and-a-half cents per percent of nitrogen in each ton of fertilizer sold in Michigan. (Example: A five-ton load of fertilizer containing 10 percent nitrogen is sold.

45,000/ton equals 0.36 cents."

Discussion Questions

1. What are some groundwater protection needs in your community? Which projects should be priorities?

2. Who should be responsible for our groundwater? Why should action start at the community level rather than with legislators?

3. Should groundwater protection practices be mandated or voluntary? How could farmers be compensated for their efforts (cost-sharing, etc.)?

4. What can individual farmers do to protect groundwater supplies? What do you already do on your farm?

Michigan Immature Grain and Forage Information Exchange

In a cooperative effort kicked off in October between Michigan Farm Bureau, Michigan State University Extension and Michigan Farm Radio Network, the Michigan Immature Grain and Forage Information Exchange (MIGFIE) will assist Michigan producers in securing grain and forage resources.

The free listing will carry the names of sellers and truckers willing to haul immature grain and forages. Sellers and truckers who have already provided information for MIGFIE.

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Please call the extension office to cancel your listing when you have sold all of your crop or forage.

For more information, call Mike Braun at 517-777-5414 or Rick Ekins at 517-868-4105.
New facility means improved research for MSU

by Mary J. Gawenda

The old white barn just won't do anymore. That's what researchers, technicians and others have been telling Michigan State University officials for years. Now the barn built in 1937 is dwarfed by the new Crop and Soil Sciences Research Facility, 4450 Beaumont Road off Mt. Hope Road. "The building was designed to bring us into the 21st Century," said Brian Graff, farm manager.

The 28,000 square-foot building will accommodate 21 seed and other "clean" research labs by a large load-messy work of field research," Graff said. "This building is designed to handle the dirty, mewse work of field research," Graff said. The soybean, corn and potato labs are located in the right wing of the building, separated from the seed and other "clean" research labs by a large loading area — a major benefit of the building's construction, Graff said.

"Now we have things that will make us a lot better. We do a lot of work with potatoes and before, we didn't have adequate storage or clipping for them," said Boyd Ellis, chairperson of MSU's Department of Crop and Soil Sciences.

Graff says the new building was designed with enough room to operate on heavy machinery — and it's heated," Graff said. "Building for the new building came from a $3.1 million capital improvement appropriation from the state," Graff said. In addition to the new building, a central and beef barn and lab will be constructed, Graff said.

Supreme Court to hear endangered species case

The Supreme Court recently heard arguments related to an Oregon case that could broaden the right to sue under the Endangered Species Act. The case in question involves farmers and ranchers in Oregon who claim $75 million in damages to crops and livestock from lost water due to a move to help preserve the sucker fish, an endangered species.

Farmers claim they should have the right to sue the federal government for damages resulting from protection actions for endangered species. Earlier, the 9th Circuit Court of Appeals in San Francisco ruled only environmentalists and others who want to increase protection for endangered species have the right to sue under the species protection laws. The farmers and ranchers hope to change that interpretation.

"People tried dealing with other industries, but they turned out not to be reliable," said rancher Glenn Barrett, about the situation in 1992 during a drought in the area where federal officials diverted irrigation water from farms and ranches near Oregon's Lost River to help the sucker fish. "There were several bankruptcies in the area. Without water, you don't have a business.<p>Handbook on greenhouse livestock housing published

Using a greenhouse for daily livestock may be an economical and effective way to shelter livestock or may turn out to be an absolute disaster. Assessing the material and energy use of a greenhouse to the existing dairy operation is the focus of Greenhouse Barns for Dairy Housing, a 15-page booklet available through Michigan State University.

William Bicker, MSU Extension dairy housing specialist, says the publication contains extensive information about the two important areas that must be considered — ventilation and cost. "The booklet is designed to help producers and designers think through their options when considering greenhouse structures, and it may help producers avoid costly errors," Bicker says. "It presents concerns and possible limitations that should be taken into account." The booklet covers design and construction details of greenhouses and modifications necessary to meet livestock environmental needs. A survey of greenhouse barn layouts is illustrated, and methods for providing ventilation are detailed.

The publication costs $4. Make checks payable to Michigan State University and send to Plan Service, 216 Parrall Hall, MSU, East Lansing, MI 48824-1325.

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Wick pressure-treated columns are backed for 50 years against decay and insect damage. That gives you an idea of how Wick buildings are made.

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Wick Buildings

Wick Columns are Guaranteed for 50 Years.

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They're constructed with roof and wall steel screws, laminated for added strength and structural integrity. And these colored panels are tough, full-board steel. That's why we sell Wick buildings.

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Pioneer® brand hybrids offer consistent, dependable performance because they have been developed and tested in our extensive research program before they reach your farm. For hybrids that deliver value year after year, see your local Pioneer sales representative.

<table>
<thead>
<tr>
<th>COOPERATOR</th>
<th>BRAND</th>
<th>HYBRID</th>
<th>YIELD</th>
<th>MST.</th>
<th>INCOME/ ACRE</th>
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**1996 YIELD PERFORMANCE RESULTS**

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<th>PIONEER® BRAND</th>
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<th>YIELD</th>
<th>NO. OF TESTS</th>
<th>YIELD ADVANTAGE PER UNIT</th>
<th>MOISTURE ADVANTAGE</th>
<th>INCOME ADVANTAGE PER UNIT</th>
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Adjusted Gross Income calculated with the price of corn at $3.00 per bushel and drying costs of $.02 per point of moisture. Yield is represented in bushels/acre at 15.5% moisture.

Pioneer® brand products are sold subject to the terms and conditions of sale which are part of the labeling and sales documents.

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